

Message Text

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P 282149Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

C O N F I D E N T I A L STATE 205379

E.O. 11652: GDS

TAGS: EINV, EMIN, PFOR, PE, US

SUBJECT: MARCONA

REF: A. LIMA 6999, B. LIMA 7005, C. LIMA 7003

1. DEPUTY ASSISTANT SECRETARY FISHLOW AND DEPARTMENT OFFICERS MET WITH FURTH, BRADFIELD AND CORETTE AUGUST 27 PRIOR TO FURTH'S RETURN TO SAN FRANCISCO. MAIN SUBJECT OF DISCUSSION WAS WHETHER MARCONA SHOULD RETURN TO LIMA WITH A FURTHER PROPOSAL, OR ALTERNATIVELY, FOLLOW THE THIRD PARTY NEGOTIATOR TACTIC. BASED ON OUR VIEWS AND EMBASSY COMMENTS, WE ADVISED FURTH TO PREPARE A FURTHER PROPOSAL AND RETURN TO LIMA FOR TALKS. WE DID NOT REJECT OUT OF HAND THE CONCEPT OF A THIRD PARTY NEGOTIATOR, BUT ARGUED THAT THE TIMING IS BAD AND IN ANY EVENT IT SHOULD COME, IF AT ALL, AS A SECOND STEP AFTER A PROPOSAL IS ON THE TABLE.

2. FURTH SOMEWHAT RELUCTANTLY ACCEPTED OUR VIEW AND
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AGREED THAT MARCONA WOULD PREPARE A PROPOSAL AND RETURN

TO LIMA PROVIDED THAT THE GROUND RULES FOR FURTHER TALKS ARE FIRMLY ESTABLISHED AND UNDERSTOOD BY ALL PARTIES. WE AGREED THAT MARCONA SHOULD NOT RETURN TO LIMA FOR A REPLAY OF LAST WEEK'S UNSATISFACTORY

EXPERIENCE AND THAT WE WOULD TRY TO ESTABLISH THE APPROPRIATE GROUND RULES WITH THE GOP.

3. IF YOU AGREE YOU SHOULD TRY TO OBTAIN FIRM GOP AGREEMENT ON GROUND RULES ALONG THE FOLLOWING LINES SUGGESTED BY MARCONA:

A. THAT THE GOP IS PREPARED TO RECEIVE MARCONA OFFICIALS TO DISCUSS A PROPOSAL IF MARCONA IS WILLING TO PRESENT ONE.

B. THAT THE NEGOTIATIONS WILL ADDRESS THE AMOUNT OF OVERALL COMPENSATION AND THE MODALITIES OF PAYMENT, AND NOT CHALLENGE SPECIFICS OF THE DECREE LAW. (THIS WOULD INCLUDE ARRANGEMENTS TO PERMIT RESUMPTION OF ORE SHIPMENTS)

C. THAT THE PERUVIAN NEGOTIATORS WILL BE EMPOWERED TO NEGOTIATE WITH THE COMPANY RATHER THAN JUST TO LISTEN OR EXPLAIN.

4. IF YOU CAN OBTAIN AGREEMENT ON SATISFACTORY GROUND RULES FURTH IS PREPARED TO SET A DATE FOR NEGOTIATIONS AND WE WOULD APPRECIATE YOUR RECOMMENDATIONS ON TIMING. MARCONA IS OF COURSE ANXIOUS TO MOVE AS QUICKLY AS POSSIBLE.

5. IN YOUR APPROACH TO THE GOP YOU SHOULD REITERATE OUR CONCERN OVER THE CONSEQUENCES FOR OUR BILATERAL RELATIONS IF WE CANNOT PROMPTLY ESTABLISH MEANINGFUL NEGOTIATIONS AND REACH MUTUALLY SATISFACTORY RESOLUTION OF THE PROBLEM. INGERSOLL

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